

AMENDED IN ASSEMBLY AUGUST 7, 2006

AMENDED IN ASSEMBLY JUNE 20, 2006

AMENDED IN SENATE MAY 10, 2006

AMENDED IN SENATE APRIL 17, 2006

SENATE BILL

No. 1398

Introduced by Senator Chesbro

February 22, 2006

An act relating to Medi-Cal.

LEGISLATIVE COUNSEL'S DIGEST

SB 1398, as amended, Chesbro. Medi-Cal: managed care: reimbursement.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Services and under which qualified low-income persons receive health care benefits.

Existing law allows the Director of Health Services to contract with any qualified individual, organization, or entity to provide services to, or arrange for or case manage the care of, Medi-Cal beneficiaries.

Existing law requires certain Medi-Cal managed care plans to be licensed by the Department of Managed Health Care under the Knox-Keene Health Care Service Plan Act of 1975.

This bill would require the State Department of Health Services to annually provide, *to the appropriate policy and fiscal committees of each house of the Legislature*, specified information relating to the reimbursement rates for managed care plans under the Medi-Cal program authorized by the department, as a part of the May Revision of the annual Budget Act. The bill would prohibit the department from ~~making adjustments in the~~ *implementing or continuing* reimbursement

rates rate for a Medi-Cal managed care plan, ~~as specified in the bill, if the rate is below the rate determined by the actuarial methodology used for developing these rates,~~ without consulting with the Department of Managed Health Care regarding the fiscal impact of the adjustments on the managed care plan.

Vote: majority. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. (a) The State Department of Health Services
2 shall provide, *to the appropriate policy and fiscal committees of*
3 *each house of the Legislature,* the following information on an
4 annual basis as part of the May Revision of the annual Budget
5 Act, regarding all Medi-Cal managed care plans:

6 (1) The financial condition of each Medi-Cal managed care
7 plan.

8 (2) Any adjustment to the reimbursement rates for ~~Med-Cal~~
9 *Medi-Cal* managed care plans that are proposed to be made in the
10 future or have been made in the previous fiscal year that are not
11 specifically included as part of the department's actuarially
12 developed rate methodology.

13 (3) How the department developed the proposed or previously
14 applied ~~the~~ adjustment identified pursuant to paragraph (2).

15 (4) How the department treated and analyzed a Medi-Cal
16 managed care plan's financial reserves in determining
17 reimbursement rates, including adjustments identified pursuant to
18 paragraph (2).

19 (5) The average rate increases or decreases applied to the
20 Medi-Cal managed care plans, independent of any adjustments
21 identified pursuant to paragraph (2).

22 ~~(b) The department may not make any adjustment set forth in~~
23 ~~paragraph (2) without consulting the Department of Managed~~
24 ~~Health Care regarding the fiscal impact on each Medi-Cal~~
25 ~~managed care plan and the plan's ability to provide for Medi-Cal~~
26 ~~services.~~

27 *(b) The department shall not implement or continue a rate for*
28 *a Medi-Cal managed care plan licensed under the Knox-Keene*
29 *Health Care Service Plan Act of 1975 (Chapter 2.5 (commencing*
30 *with Section 1340) of Division 2 of the Health and Safety Code),*

1 *if the rate is below the rate determined by the actuarial*
2 *methodology, without first consulting with the Department of*
3 *Managed Health Care regarding the fiscal impact of the*
4 *proposed rate of each plan, including the plan's financial*
5 *solvency and ability to comply with the provisions of the*
6 *Knox-Keene Health Care Service Plan Act of 1975.*

7 (c) The department shall use any independent study from 2006
8 or any subsequent year in developing the rate methodology.

9 (d) With respect to the 2005–06 fiscal year, the department
10 shall provide the information required by this section to the
11 budget committees of the Legislature on or before January 10,
12 2007.